GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:410
ANSWERED ON:14.08.2007
FDI IN TOBACCO INDUSTRY
Rao Shri Kavuru Samba Siva

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government proposes to formulate a policy to allow FDI to ensure better prices to tobacco farmers of their produce without affecting the interests of traders and manufacturers and to frame guidelines to check trade in contrabands;

(b) if so, the details thereof;

(c) the Foreign Direct Investment in tobacco industry and its impact on farmers, exporters and manufacturers; and

(d) the steps taken by the Government to safeguard the interest of tobacco industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b): As per the extant policy, Foreign Direct Investment (FDI) up to 100% is allowed, with prior Government approval, in the tobacco sector for manufacture of cigars and cigarettes of tobacco products, subject to industrial licence and conditions thereof under the Industries (Development & Regulation) Act, 1951. There is no proposal to review the FDI policy in the sector.

(c) & (d): While formulating the policy on FDI, interests of all stakeholders are taken into account.